

# INVESTOR ADVISORY PANEL

July 6, 2017

Alberta Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Nova Scotia Securities Commission  
Nunavut Securities Office  
Ontario Securities Commission  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Grace Knakowski  
Secretary  
Ontario Securities Commission  
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22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
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**Re: CSA Notice and Request for Comment *Proposed National Instrument 91-102 Prohibition of Binary Options and Related Proposed Companion Policy***

The Investor Advisory Panel is pleased to submit this Comment Letter regarding Proposed National Instrument 91-102 *Prohibition of Binary Options* and Related Proposed Companion Policy. The Panel is an initiative by the Ontario Securities Commission (OSC) to enable investor concerns and voices to be represented in its rule and policy making process. Our mandate is to solicit and represent the views of investors on the Commission's policy and rule making initiatives.

The Canadian Securities Administrators' proposed rules clarify that binary options are prohibited in Canada and cannot be advertised, offered, sold or otherwise traded to an individual in Canada. The notice also makes it clear that no binary option products have been authorized in Canada and that offering binary options in Canada is illegal.

The Proposed Instrument is seeking to prevent investors from becoming victims of binary options fraud by prohibiting advertising, offering, selling or otherwise trading a binary option to an individual.

The Panel supports an outright prohibition insofar as it protects retail investors and deters the sale and purchase of this harmful product. In the opinion of the Panel, the attributes of binary options make it a gambling instrument rather than a security or an investment. As such, this type of offering does not enhance any investor portfolio nor does it foster fair and efficient capital markets. Given that binary options also seem conducive to fraud, investor protection is appropriate.

By regulating a prohibition of binary options the OSC meets its mandate “To provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.”

Yours truly,

Letty Dewar  
Chair, Investor Advisory Panel